

1 MICHAEL ZORKIN (Bar No. CA 313308)
2 Email: mz@thezorkinfirm.com
3 THE ZORKIN FIRM
4 6320 Canoga Ave., 15th Floor
5 Woodland Hills, California 91367
6 Telephone: 323.493.8075

7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Attorneys for Putative Partner of Alleged Debtor
Alexander Sabadash

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA

In re:

No. 2:25-bk-11235-NB

12 Itkin & Sabadash,

Hon. Neil W. Bason

13 Debtor,

**PUTATIVE PARTNER
ALEXANDER SABADASH'S
MOTION FOR FEES AND
DAMAGES, UNDER 11 U.S.C. §
303(I)**

16 Hearing Date: August 5, 2025
17 Hearing Time: 11:00 a.m.

18 Filed concurrently with:
19 1. Declaration of Michael Zorkin;
20 2. Declaration of Alexander
21 Sabadash;
22 3. Declaration of Andy Wood;
23 4. Request for Judicial Notice.

NOTICE OF MOTION AND MOTION

TO ALL PARTIES AND THEIR COUNSEL OF RECORD:

PLEASE TAKE NOTICE that on August 5, 2025 at 11:00 a.m. in Courtroom 2, Putative Partner of Alleged Debtor Alexander Sabadash will move for fees and punitive damages under 11 U.S.C. 303(i).

This motion is made because the involuntary petition was dismissed without the consent of all petitioners and the alleged debtor.

This motion is also made because the involuntary petition was filed in bad faith.

Putative Partner seeks attorneys' fees and damages from Mr. Itkin, Mr. McCarthy, and Mr. Caseres jointly and severally.

Mr. Sabadash seeks \$78,485 in fees and asks the Court to treble the fee award in punitive damages.

LBR 9013-1(f) requires a written response to be filed and served at least 14 days before the hearing.

The motion is based on this notice of motion and motion, the accompanying memorandum of points and authorities and declarations, the request for judicial notice, any evidence or argument presented at the hearing, and any papers on file with the Court.

Dated: July 1, 2025

THE ZORKIN FIRM

By: /s/ Michael Zorkin
Michael Zorkin
Attorneys for Putative Partner
Alexander Sabadash

1
2 TABLE OF CONTENTS

| | |
|---|----|
| 3 INTRODUCTION | 1 |
| 4 FACTUAL AND PROCEDURAL BACKGROUND | 1 |
| 5 ARGUMENT | 5 |
| 6 I. ALEXANDER SABADASH IS ENTITLED TO RECOVER HIS ATTORNEYS' FEES AND DAMAGES UNDER 11 U.S.C. § 303(i) BECAUSE THE PETITION WAS DISMISSED WITHOUT CONSENT OF THE PARTIES. | 5 |
| 7 A. The totality of the circumstances test favors imposition of fees. | 5 |
| 8 B. The petition was filed in bad faith..... | 6 |
| 9 1. The petition was filed for an improper purpose—stalling of the Jersey proceeding and forum-shopping. | 7 |
| 10 2. Mr. Itkin knew the debts were in bona fide dispute..... | 10 |
| 11 3. Mr. Itkin failed to inform this court that he paid Gofman \$21,000 to sue the alleged debtor | 13 |
| 12 4. Mr. Itkin relied on forged documents to establish a partnership..... | 14 |
| 13 5. Mr. Itkin failed to tell the court that he represented to the Russian court that the Gofman judgment has been satisfied. | 15 |
| 14 II. MR. ITKIN, MR. MCCARTHY, AND MR. CASERES SHOULD BE JOINTLY AND SEVERALLY LIABLE FOR ANY AWARD. | 16 |
| 15 III. THE COURT SHOULD AWARD ATTORNEYS' FEES AND PUNITIVE DAMAGES..... | 17 |
| 16 A. Fees for obtaining dismissal of the involuntary petition..... | 17 |
| 17 B. Fees for work incurred on this motion..... | 18 |
| 18 C. Punitive damages..... | 18 |
| 19 CONCLUSION | 19 |
| 20 | |
| 21 | |
| 22 | |
| 23 | |
| 24 | |
| 25 | |
| 26 | |
| 27 | |
| 28 | |

1 **INTRODUCTION**

2 Alexander Sabadash seeks fees and damages because this involuntary
3 bankruptcy petition was a misuse of the court system—filed not for a proper
4 bankruptcy purpose, but to dodge unfavorable rulings from the Jersey Court. Mr.
5 Itkin and his attorneys knew that no partnership existed and that the alleged debts
6 were hotly contested. Yet, they filed anyway, banking on deception to halt ongoing
7 litigation abroad.

8 Mr. Sabadash is entitled to attorneys' fees because the petition was dismissed
9 without consent of the parties. The totality of the circumstances overwhelmingly
10 supports fees: the involuntary petition had no merit, there was no improper conduct
11 by Mr. Sabadash, and the creditors acted unreasonably.

12 Mr. Sabadash is entitled to damages because the petition was undeniably
13 filed in bad faith, intended to stall Jersey court proceedings, evade payment of court-
14 ordered fines, and engage in blatant forum-shopping.

15 The severity of their conduct merits punitive damages to adequately punish
16 and deter future abuses. An award of treble damages will reflect the seriousness of
17 Mr. Itkin's team's misconduct.

18 Mr. Sabadash asks the Court to hold Mr. Itkin, Mr. McCarthy, and Mr.
19 Caseres jointly and severally liable for all attorneys' fees and damages incurred by
20 Mr. Sabadash.

21 Any lesser sanction risks emboldening similar misuse, degrading public
22 confidence in the judicial system, and transforming legitimate legal remedies into
23 tools for gamesmanship and delay.

24 **FACTUAL AND PROCEDURAL BACKGROUND**

25 **A. Meeting and hiring Mr. Itkin.**

26 The Sabadash family met Mr. Itkin, a Los Angeles tax preparer, in the 1990's.
27 Mr. Itkin began doing taxes for the Sabadashes and the families became friends.
28 Around 2000, Mr. Sabadash asked Mr. Itkin to move to Russia and work for his

1 companies performing various tasks centered on accounting and tax services.
2 (Sabadash Decl., ¶ 2.) Mr. Sabadash offered Mr. Itkin a generous salary and Mr.
3 Itkin began receiving \$50,000 per month as soon as he began working for Mr.
4 Sabadash. (Sabadash Decl., ¶ 3; Zorkin Decl., Ex. 1, Itkin Dep. Tr., 148:15-149:1.)

5 When Mr. Itkin was hired in May 2000, Mr. and Mrs. Sabadash issued Mr.
6 Itkin a power of attorney. (Zorkin Decl., Ex. 6; Sabadash Decl. ¶ 1.) This document
7 specified that Mr. Itkin was to “manage [the Sabadash’s] property arising out of [the
8 Sabadash’s] interests in said companies” in exchange for “fees to [Mr. Itkin].”

9 From 2000 to 2016, Mr. Itkin worked for Mr. Sabadash as an accountant and
10 financial manager. To enable Mr. Itkin to perform his duties, Mr. Sabadash
11 appointed Mr. Itkin as a director of various corporations which required Mr. Itkin’s
12 services. (Sabadash Decl. ¶ 1-3.)

13 **B. Mr. Itkin’s removal from his corporate positions.**

14 In around 2014, Mr. Itkin hatched a scheme to take over nearly all of the
15 Sabadash family assets by exploiting his positions of trust as director of various
16 Sabadash companies. For instance, between 2014 and 2016, he stole money from
17 bank accounts, transferred corporate shares to himself, mortgaged Mr. Sabadash’s
18 assets, and created various contracts and promissory notes that effectively locked
19 down all of Mr. Sabadash’s assets. (Sabadash Decl. ¶ 8-10.) Mr. Itkin believed that
20 in Mr. Sabadash’s absence he could do this in secret and that Mrs. Sabadash would
21 be unable to defend the family. And he almost got away with it.

22 Mr. Itkin’s plan is striking because he did much more than just lay claim to
23 Mr. Sabadash’s business assets. He took control (on paper) of the Sabadash family
24 home where Mrs. Sabadash lives with her two children. This has caused
25 unimaginable strain on Mrs. Sabadash whose life has been put on hold by Mr.
26 Itkin’s betrayal and who continues to pay the substantial mortgage, property taxes,
27 and all expenses for this home.

28

1 After Mr. Itkin’s abuses of trust and misappropriation of assets surfaced, he
2 was officially voted out from his positions as director of all companies by Mr.
3 Sabadash. (Sabadash Decl. ¶ 8-10.) Mr. Itkin disputed the shareholder vote was
4 legitimate but never mentioned a partnership. (*Id.* ¶ 11.)

5 **C. Mr. Itkin invents a partnership as a defense.**

6 The first time anyone heard about a partnership, was Mr. Itkin’s 2017 cross-
7 complaint against Mr. Sabadash. (Sabadash Decl. ¶ 12.) Mr. Itkin came up with a
8 defense—that back in 1998 he and Mr. Sabadash formed an oral partnership. Mr.
9 Itkin, a tax preparer at the time, claims he was promised a one-third interest in the
10 Sabadash business empire worth hundreds of millions of dollars. Per Mr. Itkin, this
11 alleged 20-year-old promise allowed him to take whatever Sabadash assets he
12 wanted, including money and corporate shares, purportedly as payment for his
13 services, all without consequence. And Mr. Itkin did not document this deal of a
14 lifetime in any way.

15 After extensive discovery and a three-day deposition, Mr. Itkin’s partnership
16 theory fell apart. For example, Mr. Itkin never agreed to share in the losses of the
17 partnership. (Zorkin Decl., Ex. 1, Itkin Dep. Tr., 629:10-17; 156:22-157:11; 160:3-
18 11.) To the contrary, his draw was supposedly guaranteed, meaning that even if the
19 partnership lost money, Mr. Itkin would get his share, and Mr. Sabadash, a two-
20 thirds partner, would get nothing. Unsurprisingly, Mr. Itkin admitted that he never
21 received this promised “partnership” share. (*Id.*, 159:3-8; 527:22-25.)

22 And though Mr. Itkin will claim that he took part in managing the Sabadash
23 businesses, his sworn testimony tells a different story. Mr. Itkin admitted that he
24 only worked with Mr. Sabadash’s non-Russian entities. Mr. Itkin testified that he
25 didn’t manage any business in Russia, was not a signatory to any Russian bank
26 accounts, and “had no clue” how money in Russia was made. (*Id.*, 93:20-95:9;
27 180:12-15; 485:19-486:1.)

28

1 In fact, all Mr. Itkin knew about Mr. Sabadash's businesses is how much
2 money was deposited into the European bank accounts, which Mr. Itkin used mainly
3 to pay Mr. Sabadash's bills. (*Id.*)

4 Mr. Itkin also admitted that the partnership did not formally exist. The
5 partnership never owned a single asset. The partnership never filed a tax return (as
6 all partnerships are required to do). (*Id.*, 50:9-21; 505:15-19.) The partnership
7 never had a bank account and Mr. Sabadash was always listed as the owner of
8 corporate accounts, even on accounts opened by Mr. Itkin. And Mr. Itkin, without
9 fail, referred to Mr. Sabadash as the beneficial owner of each company. (*Id.*, 78:13-
10 79:9; 171:9-19; 505:5-14.)

11 Every corporate document Mr. Itkin ever created confirmed that he had no
12 ownership interest. Whether they were employment agreements or various
13 guarantees and corporate resolutions, Mr. Itkin always listed Mr. Sabadash as the
14 owner. Indeed, when Mrs. Sabadash asked Mr. Itkin to meet with her lawyer and
15 accountant and disclose the extent of Mr. Sabadash's holdings, he identified Mr.
16 Sabadash – not himself or any alleged partnership – as the 100% owner. (Zorkin
17 Decl., Ex. 7.)

18 **D. The Golden Sphinx bankruptcy.**

19 The facts surrounding Golden Sphinx's bankruptcy are known to the parties
20 and this court. As a quick refresher, Golden Sphinx, and in turn New Albion, were
21 both assets of the Amber Trust—a trust formed by Mrs. Sabadash in 1996 to protect
22 the family's assets (years before Mr. Itkin began working for Mr. Sabadash). Mr.
23 Sabadash has never been a shareholder; the trustees of the trust hold the shares of
24 Golden Sphinx. (Itkin Dep. Tr., 322:16-25.)

25 Mr. Itkin was removed from the board of Golden Sphinx by the trustees of the
26 Amber Trust (and shareholders of Golden Sphinx) in 2017.

27
28

1 This Court has recognized the Golden Sphinx Jersey liquidation as the foreign
2 main proceeding and the liquidation is proceeding in the Jersey Court. Mr. Itkin's
3 repeated attempts to stall the Jersey proceeding have been rejected by the Jersey
4 Court. Mr. Itkin was ordered to pay £78,432 in costs by February 24, 2025 and also
5 provide evidence for his baseless defenses. (Wood Declaration, Ex. AW2.) In a
6 transparent attempt to flout the court's order, Mr. Itkin filed this petition instead.

7 **E. Involuntary Chapter 7 Bankruptcy.**

8 Dissatisfied with this Court's orders recognizing the Golden Sphinx
9 bankruptcy and with the Jersey Court's multiple orders against him including
10 sanctions, Mr. Itkin tried to reverse those orders by filing an involuntary petition
11 against the non-existent partnership. This Court dismissed the involuntary petition
12 in a memorandum decision and order. (Dkts. 75 and 76.)

13 **ARGUMENT**

14 **I. ALEXANDER SABADASH IS ENTITLED TO RECOVER HIS**
15 **ATTORNEYS' FEES AND DAMAGES UNDER 11 U.S.C. § 303(i)**
16 **BECAUSE THE PETITION WAS DISMISSED WITHOUT CONSENT OF**
17 **THE PARTIES.**

18 **A. The totality of the circumstances test favors imposition of fees.**

19 “The filing of an involuntary petition should not be lightly undertaken [and]
20 should be a measure of last resort.” *Higgins v. Vortex Fishing Sys., Inc.*, 379 F.3d
21 701, 707 (9th Cir. 2004) (cleaned up). To “discourage inappropriate and frivolous
22 filings,” 11 U.S.C. § 303(i) creates a presumption that the debtor in a dismissed
23 involuntary bankruptcy is entitled to recover reasonable attorneys’ fees. *Id.* The
24 only statutory prerequisite for fees is dismissal without consent of the creditors and
25 debtors. 11 U.S.C. § 303(i). “Congress drafted the statute to make an award of costs
26 and fees the norm.” *In re Kidwell*, 158 B.R. 203, 217 (Bankr. E.D. Cal. 1993).

27 To assist the bankruptcy court in exercising its discretion to award fees and
28 costs, the Ninth Circuit adopted the totality of the circumstances test. The factors to
be considered are: “1) the merits of the involuntary petition, 2) the role of any

1 improper conduct on the part of the alleged debtor, 3) the reasonableness of the
2 actions taken by the petitioning creditors, and 4) the motivation and objectives
3 behind filing the petition.” *Vortex Fishing Sys., Inc.*, 379 F.3d at 707–08. “It is the
4 petitioner’s burden to demonstrate that the totality of the circumstances supported
5 the disallowance of fees.” *Id.*

6 However, in adopting the totality of the circumstances test, the Ninth Circuit
7 did not “abandon the premise that any petitioning creditor in an involuntary case
8 should expect to pay the debtor’s attorney’s fees and costs if the petition is
9 dismissed.” *Id.*; *In re S. California Sunbelt Devs., Inc.*, 608 F.3d 456, 462 (9th Cir.
10 2010) (“When an involuntary bankruptcy petition is dismissed, the debtor is
11 presumed to be entitled to reasonable fees and costs.”)

12 The factors in the totality of the circumstances test heavily favor imposing
13 fees.

14 **Merits and motivation behind the petition.** As described in the bad faith
15 section below, the petition lacked all merit and was filed to derail the Jersey
16 litigation and escape fines ordered by the Jersey Court.

17 **The role of any improper conduct on the part of the alleged debtor.**
18 Mr. Sabadash has not engaged in improper conduct and has steadfastly maintained
19 that no partnership has ever been formed between him and Mr. Itkin.

20 **Reasonableness of the actions taken by the petitioning creditors.** As
21 described in the bad faith section below, the petitioning creditors have not acted
22 reasonably. The creditors are Mr. Itkin’s lawyers and friends, acting on his behalf
23 with legally questionable claims to help him in his campaign of fraud against Mr.
24 Sabadash.

25 **B. The petition was filed in bad faith.**

26 “Any petitioner who files in bad faith may be required to pay any damages
27 proximately caused by such filing, together with punitive damages.” *In re Kidwell*,
28

1 158 B.R. at 217; 11 U.S.C. § 303(i)(2)(A), (B). “Punitive damages may be awarded
2 under § 303(i)(2)(B) even absent an award of actual damages under § 303(i)(2)(A).”
3 *In re S. California Sunbelt Devs., Inc.*, 608 F.3d at 465.

4 “Bad faith is measured by an ‘objective test’ that asks what a reasonable
5 person would have believed. There is no statutory requirement that the bad faith
6 must be directed toward anyone in particular. Courts have employed a more
7 expansive definition of bad faith to include ill will or malice toward the debtor or its
8 owners.” *In re Cadena*, 634 B.R. 1038, 1052 (Bankr. C.D. Cal. 2022) (cleaned up). In
9 short, “if it smells like bad faith, it’s got to be bad faith.” *In re Mi La Sul*, 380 B.R.
10 546, 554 (Bankr. C.D. Cal. 2007).

11 1. The petition was filed for an improper purpose—stalling of the
12 Jersey proceeding and forum-shopping.

13 “A petitioner has no valid bankruptcy purpose—and acts in bad faith—when
14 his goal is to stall or disrupt litigation in another court.” *In re Meltzer*, 516 B.R. 504,
15 515–16 (Bankr. N.D. Ill. 2014) (awarding damages for an involuntary petition filed
16 in bad faith).

17 Mr. Itkin filed this petition to escape the jurisdiction of the Jersey court after
18 the Jersey court ordered Mr. Itkin to substantiate his defenses and to pay Golden
19 Sphinx £78,432. (Wood Decl., ¶ 3-9.) Mr. Itkin delayed responding to basic requests
20 for information since October 2024 forcing Golden Sphinx to move to compel
21 compliance. (Wood Decl., ¶ 10-14.) In response, the Jersey court ordered Mr. Itkin
22 to respond and pay sanctions. (*Id.*, Ex. AW2.) Mr. Itkin again asked for another
23 continuance claiming that he had no opportunity to speak with or take advice from
24 his Jersey and U.S. counsel on account of the Palisades fires. (*Id.*) The Jersey court
25 granted another continuance ordering Mr. Itkin to respond and pay by February 24,
26 2025.

27

28

1 But as is now apparent, contrary to Mr. Itkin's representations that he was
2 unable to confer with his counsel, he was scheming behind the scenes with his
3 Russian cronies to stall the Jersey case with this petition, which he filed two days
4 after the Jersey Court's order. Mr. Itkin's counsel concurrently represented to the
5 Jersey Court that there is a bankruptcy stay preventing the Jersey Court from
6 moving forward. (Wood Decl., ¶ 18.) *See In re Anmuth Holdings LLC*, 600 B.R. 168,
7 193 (Bankr. E.D.N.Y. 2019) ("Where, as in this case, a petition is filed as a litigation
8 tactic, solely to avoid the consequences of an adverse state court decision, bad faith
9 is manifest.")

10 Subsequently, the Jersey Court realized it was misled stating,
11 "Notwithstanding Mr Itkin's apparent inability to consult with his US lawyers,
12 within 2 days of my orders, he managed to engage with US lawyers and to file a
13 bankruptcy petition in relation to the alleged partnership." (Wood Decl., Ex. AW3.)

14 The forum-shopping is readily apparent from Mr. Itkin's counsel's arguments
15 at the hearing. Mr. McCarthy argued that the Golden Sphinx Chapter 15
16 proceeding was wrongly being considered in Jersey and that Mr. Itkin's defense of
17 trying to create a partnership should be heard in California:¹

18 This proceeding concerning a California general
19 partnership that's on California property involves issues
20 that should be determined here. The idea that you should
21 defer to the Jersey court to determine whether a
22 partnership existed under California law really is
23 backwards. That's an issue that you should take on and
24 that Jersey court should defer to you.

25 (April 22, 2025, Hr. Tr. 15:6-12.)

26 Mr. McCarthy all but admitted this involuntary was filed for an improper
27 purpose:
28

¹ Mr. Atabek, one of four of Mr. Itkin's lawyers who acted as a creditor in this matter, also argued that the proper forum is here, claiming it would not be a "heavy lift" to hold a trial in this court. (April 22, 2025, Hr. Tr. 19:13-23.)

[W]hat this involuntary really is about is putting the issues before the proper court to be determined; again, whether there's a partnership under California law and whether that partnership owns California real property. Your Honor, you're the one to make that determination or relief from stay should be granted for it to be determined in state court.

(April 22, 2025, Hr. Tr. 16:12-19.)

Thus, according to Mr. McCarthy, Mr. Itkin was unhappy with this Court's order recognizing the Golden Sphinx Chapter 15 bankruptcy and this Court's order denying Mr. Itkin relief from stay in the Golden Sphinx bankruptcy. Rather than appeal the Golden Sphinx orders, he filed an involuntary proceeding for a made-up entity specifically to get out of Jersey.

Courts routinely find bad faith when the timing of the petition reveals an intent to interfere with pending litigation. *See In re Fox Island Square P'ship*, 106 B.R. 962, 968 (Bankr. N.D. Ill. 1989) (finding bad faith when the involuntary petition was filed after a motion to change venue in another court was denied); *In re Meltzer*, 516 B.R. at 516 (“The filing of an involuntary case shortly before a hearing in related litigation strongly suggests the case was filed only to stall the hearing.”) (collecting cases); *In re Anmuth Holdings LLC*, 600 B.R. at 192–93 (“The timing of the filing of the Involuntary Petitions demonstrates egregious bad faith and an improper use of the bankruptcy system.”); *In re Homesite Holdings LLC*, No. BAP SC-22-1112-BSG, 2023 WL 3918405, at *8 (B.A.P. 9th Cir. 2023) (“Filing a bankruptcy case to defeat or delay state court litigation, even if that is not the only purpose for the filing, can constitute bad faith.”); *In re WLB-RSK Venture*, 296 B.R. 509, 515 (Bankr. C.D. Cal. 2003), *aff'd*, 320 B.R. 221 (B.A.P. 9th Cir. 2004), *aff'd*, 223 F. App'x 555 (9th Cir. 2007) (finding bad faith for involuntary petition filed “in a forum shopping effort to avoid the latest, still pending litigation in the state court.”)²

² Although most bankruptcy courts address forum shopping as it relates to state courts, the reasoning applies in full force to litigation pending in other countries.

1 This Court should find the petition was filed for an improper purpose to
2 disrupt the Jersey proceeding and to escape unfavorable rulings against Mr. Itkin.

3 **2. Mr. Itkin knew the debts were in bona fide dispute.**

4 “Creditors act in bad faith when they file an involuntary petition knowing
5 their claims are in bona fide dispute.” *In re Anmuth Holdings LLC*, 600 B.R. at 197–
6 98.

7 Here, Mr. Itkin knew that the very existence of a partnership and thus any
8 debts of the partnership were in dispute. (Sabadash Decl., ¶2.) Mr. Itkin was
9 removed from his director and officer positions in Mr. Sabadash’s corporations in
10 2016. (Sabadash Decl., ¶ 8-9.) Mr. Sabadash then sued Mr. Itkin for fraud and
11 breaches of fiduciary duties and Mr. Itkin countersued for breach of duty and
12 judicial dissolution of partnership. (*Id.*, 12.) The litigation was hotly contested: Mr.
13 Itkin’s motion for summary adjudication to establish a partnership was denied and
14 the case went to a jury trial that was interrupted by the Covid pandemic. (*Id.*, 12.)
15 There is thus no credible argument that the existence of the partnership was not in
16 bona fide dispute.

17 Mr. Itkin’s main argument for the existence of the partnership was claim
18 preclusion based on lawsuits filed in Russia and California by Elena Gofman. Mr.
19 Itkin argued Mr. Sabadash is precluded from arguing that no partnership exists.
20 But Mr. Itkin already made an identical argument in state court in his motion for
21 summary adjudication. (Zorkin Decl., Ex. 25, R.J.N.). The court denied Mr. Itkin’s
22 motion because “collateral estoppel issues are in dispute regarding the prior actions
23 filed by Elena Gofman.” (*Id.*, Ex. 26, R.J.N.) This shows that Mr. Sabadash always
24 disputed the import of the Gofman cases and the Superior Court judge agreed with
25 Mr. Sabadash. Yet Mr. Itkin stubbornly insists that the Gofman lawsuits are
26 dispositive even though he cannot meet any elements of claim preclusion.

27 This is especially true given that Mr. Itkin has represented to the Jersey Court that
28 the involuntary petition had the effect of staying the Jersey case. (Wood Decl., ¶ 18.)

1 And Mr. Itkin's efforts to establish the elements of the doctrine were half-
2 hearted at best. The only element of res judicata Mr. Itkin addressed in his
3 opposition was privity. (Dkt. 16, Itkin Opp., at 14-16.) Mr. Itkin did not address
4 either the requirement that there be an identical cause of action (for claim
5 preclusion) or that an identical issue was litigated and necessarily decided (for issue
6 preclusion). (*Id.*) Nor did Mr. Itkin mention the public policy behind claim
7 preclusion as articulated by the California Supreme Court. This shows that Mr.
8 Itkin (and his counsel) did not sincerely believe in the application of claim
9 preclusion.

10 What is more, Mr. Itkin argued in the Russian court that "Sabadash, as an
11 individual, is neither a party to the said agreement nor a party to the present case,"
12 making his privity argument to this Court frivolous. (Zorkin Decl., Ex. 19.)

13 And Mr. Itkin's reliance on the Information Summary in lieu of the actual
14 opinion of the Russian court provides more evidence of bad faith. Mr. Itkin tried to
15 steer the Court away from the actual court of appeal ruling by citing the Information
16 Summary as if it were the Court's ruling. Indeed, the Opposition did not even
17 submit the Court's ruling as an exhibit. Asking this Court to rely on a summary of a
18 legal opinion – that inexplicably includes facts and legal analysis not found in the
19 actual opinion – is frivolous on its face.

20 And this is the likely reason Mr. Itkin tried to hoodwink this Court into ruling
21 based on a summary—to avoid harmful language from the actual opinion. As this
22 Court recognized:

23 You've got statement by one - or the information summary
24 that seems to say one thing and yet, what it's purporting to
25 summarize seems to me to say the opposite.

26 (Zorkin Decl., Ex. 21, June 3, 2025 Hr. Tr., 43:13-16.)

27 Mr. Itkin continued to misrepresent the facts in his supplemental brief,
28 repeatedly referring to the Information Summary's recitation of the facts as holdings

1 of a court. (Dkt. 45, Supp. Brief, 5:2-6:9.) The Information Summary cannot “hold”
2 anything and the “holdings” identified by Mr. Itkin were simply general facts of the
3 case as alleged by Gofman. No reasonable lawyer could mistake these background
4 facts for a holding.

5 Not to mention that even if this Summary were real, and Mr. Sabadash has
6 no basis to believe that it is, Mr. Itkin gave no notice that he asked for the Summary
7 and did not allow Mr. Sabadash to participate in the process.³ He then tried to use
8 the summary for preclusive effect. This is frivolous.

9 Courts routinely find bad faith when the petitioning creditors knew or should
10 have known the claims are disputed. *In re Fox Island Square P'ship*, 106 B.R. at
11 968–69 (“At the time the Petitioners filed the Involuntary Petition, they knew the
12 Oak Park debt was highly disputed, and they knew *or reasonably should have*
13 *known* that the Oak Park debt was not a Partnership debt.”) (emphasis added); *In re*
14 *Johnston Hawks Ltd.*, 72 B.R. 361, 367 (Bankr. D. Haw. 1987), *aff'd*, 885 F.2d 875
15 (9th Cir. 1989) (finding bad faith when the claim was subject to a bona fide dispute);
16 *In re Meltzer*, 516 B.R. at 517 (“Creditors act in bad faith when they file an
17 involuntary petition knowing their claims are in bona fide dispute.”); *In re Anmuth*
18 *Holdings LLC*, 600 B.R. at 197–98 (“It is obvious that the Petitioning Creditors were
19 aware, at all relevant times, that their claims were disputed. The claims had been
20 the subject of over four years of litigation between the parties in state court.”); *In re*
21 *Oakley Custom Homes, Inc.*, 168 B.R. 232, 239 (Bankr. D. Colo. 1994) (bad faith
22 found where “Involuntary Petition is the product of a business war and personal
23 vendetta carried on primarily by [creditor] against this Alleged Debtor and its
24 principal.”)

25 Finally, “[a] materially false statement in support of an involuntary petition
26 constitutes bad faith for purposes of section 303(i)(2).” *In re Kidwell*, 158 B.R. at
27

28 ³ The Information Summary does not appear on the docket of the Gofman case
casting doubt on its authenticity. (See Zorkin Decl. ¶ 18-19.)

1 217; *Johnston Hawks*, 72 B.R. at 361 (falsely asserting claim not subject to bona fide
2 dispute is bad faith). Here, Mr. Itkin's answer to question 11 (whether there was a
3 bona fide dispute) on the petition was false.

4 3. Mr. Itkin failed to inform this court that he paid Gofman \$21,000
5 to sue the alleged debtor

6 Mr. Itkin had no written evidence of a partnership so he found Ms. Gofman
7 and paid her to forge documents and file a lawsuit on Mr. Itkin's behalf. This part of
8 Mr. Itkin's scheme began in July 2018 when he made the first payment to Gofman
9 from his personal bank account. Between July 2018 and March 2019, Mr. Itkin
10 made six payments to Ms. Gofman totaling \$21,000. (Zorkin Decl. Ex. 18.) The
11 series of bribes culminated in a \$10,000 payment on March 25, 2019 which
12 corresponds with the filing of the Gofman California action to enforce the Russian
13 judgment on April 19, 2019.

14 Itkin's first payment to Gofman was made in July 2018, the same month she
15 filed the lawsuit in Russia. Mr. Itkin knew about the lawsuit, hired a lawyer, but
16 never told Sabadash or his counsel.

17 Mr. Itkin did everything he could to ensure a judgment was entered.
18 According to the court, he "voluntarily satisfied [Plaintiff's] demand for payment."
19 He even revived the time-barred suit because he "agreed to the total amount of debt,
20 interest, and fine arising out of the breach of this agreement." (Dkt. 16-1, Itkin
21 Decl., Ex. C.).

22 Gofman then used her fraudulent Russian judgment to sue the "partnership"
23 in California. She did this even though she represented to the Russian court that
24 the judgment has been fully satisfied. (Zorkin Decl., Ex. 19.) Mr. Itkin also
25 admitted liability and did not oppose entry of judgment recognizing the Russian
26 judgment in California. Gofman has not tried to enforce the judgment since 2019.

27
28

1 4. Mr. Itkin relied on forged documents to establish a partnership.

2 Mr. Itkin's chief evidence of the partnership were a contract hiring Gofman
3 and minutes of meeting of partnership drafted by Gofman. The alleged partnership
4 seal in the lower left corner of the contract misspells Mr. Sabadash's last name (the
5 seal says Sadabash). (Zorkin Decl., Ex. 16.) This is not a mark of a successful
6 business but of a back-alley counterfeiter. Mr. Itkin knows about the misspelling,
7 yet he gave this Court a false translation which correctly spells Mr. Sabadash's
8 name. (Cf. Dkt. 16-1, Itkin Decl., Ex. B.).

9 What is more, Mr. Sabadash's signature is forged. Both Mr. Itkin and Ms.
10 Gofman signed using the same pen in the same style. But Mr. Sabadash's signature
11 appears to be electronically affixed, which would have been very difficult given the
12 state of technology in Russia in 2004. And of course, Mr. Sabadash never signed the
13 contract and never met Gofman. (Sabadash Decl., ¶ 5-7.)

14 Realizing that he blundered by so sloppily forging the "partnership" seal and
15 Mr. Sabadash's signature, Mr. Itkin created another document, solemnly titled
16 "Minutes of the meeting of partners of simple partnership Itkin & Sabadash."

17 The English translation of the Minutes purports to memorialize in writing the
18 partnership agreement between Mr. Sabadash and Itkin. According to Itkin, these
19 Minutes were drafted by Gofman on the same day she was hired to perform
20 consulting work for Itkin and Sabadash. Mr. Sabadash has never seen or signed this
21 document. (Sabadash Decl., ¶ 5-7.)

22 The Minutes are missing the "partnership" seal that misspelled Sabadash in
23 the underlying Gofman contract. This glaring omission proves that both the Gofman
24 contract and the Minutes are forgeries. Mr. Itkin did not want to be caught forging
25 yet another document in such an amateur manner. When Mr. Itkin created the
26 Minutes – after he created the contract – he did not use the seal to make the
27 Minutes appear less obviously fake.

28

1 But the Court need only take a look at the document itself to be able to
2 disregard it. The “Minutes” are an unreadable page and a half in landscape that
3 purportedly described the business relationship of an entity that generates hundreds
4 of millions from several factories and hundreds of employees. There is not a single
5 legible word in the document Mr. Itkin rests his entire case on. (Dkt. 16-1, Itkin
6 Decl., Ex. A.).

7 A much more likely explanation is that Mr. Itkin forged these documents to
8 support his partnership theory and paid Ms. Gofman \$21,000 to go along with the
9 fraud.

10 5. Mr. Itkin failed to tell the court that he represented to the
11 Russian court that the Gofman judgment has been satisfied.

12 After the Ninth Arbitration Court of Appeal denied Mr. Sabadash appeal, he
13 appealed to the next level, the Moscow District Arbitration Court, also called the
14 Cassation Court. (Zorkin Decl., Ex. 19.)⁴ The Cassation Court listed the parties to
15 the appeal as Claimant (Gofman), Appellant (Sabadash), and Respondent
16 (Partnership, represented by Itkin).⁵ *Id.*

17 While the Cassation Court upheld the appellate court’s ruling that Mr.
18 Sabadash lacked standing to appeal, the court found another important ground for
19 dismissing the appeal – *Mr. Itkin represented to the court that the judgment has been*
20 *fully paid making Gofman and Itkin’s sworn declarations, proofs of claim, and*
21 *arguments demonstrably false.*

22 In reciting the “partnership’s” contentions on appeal, the Cassation Court
23 stated:

24 “In the response to the cassation appeal, the respondent,
25 represented by managing partner G.Yu. Itkin, stated that

26 ⁴ In her opposition to objection to proof of claim, Ms. Gofman submitted the decision
27 of the cassation court (Dkt. 62, Gofman Decl., Ex. D) but she did not submit the full
28 opinion of that Court.

29 ⁵ The fact that Mr. Itkin opposed the appeal which would reverse a judgment against
30 the “partnership” speaks volumes about his intent.

1 . . . the court decision in this case *has been fully satisfied*
2 by the respondent.”

3 Later, in the holding, the Cassation Court explained:

4 “Furthermore, as stated by the claimant [Gofman] and
5 the respondent’s representative [Itkin] at the cassation
6 court hearing, the court decision in this case, which has
7 entered into legal force, *has been fully satisfied*.”

8 In other words, Mr. Itkin affirmatively represented to the Russian court that
9 the judgment has been paid. Yet here both Mr. Itkin and Gofman submitted sworn
10 declarations contending Gofman is a creditor of the “partnership.” Mr. Itkin has
11 transcended bad faith and is blatantly committing perjury.⁶

12 **II. MR. ITKIN, MR. MCCARTHY, AND MR. CASERES SHOULD BE**
13 **JOINTLY AND SEVERALLY LIABLE FOR ANY AWARD.**

14 Under § 303(i), fees and damages may be awarded against the petitioning
15 creditors. Mr. Sabadash asks the Court to award fees and damages against Mr.
16 Itkin *only* for several reasons.

17 First, Mr. Itkin was the catalyst behind this petition. The creditors’ claims
18 exist solely because Mr. Itkin promised to pay them for legally dubious obligations.
19 Mr. Itkin should be solely responsible for fees incurred in opposing this petition. *In*
20 *re Maple-Whitworth*, 556 F.3d 742, 746 (9th Cir.) (“[A] bankruptcy court has
21 discretion to hold all or some petitioners jointly or severally liable for costs and fees
22 [and] to apportion liability according to petitioners’ relative responsibility or
23 culpability.”)⁷

24 Second, six creditors are Russian nationals against whom an award would be
25 worthless. There is little chance a Russian court would enforce a judgment of an
26 American court given the reciprocal sanctions and general deterioration of the

27 ⁶ The cassation court opinion is in both Mr. Itkin’s and Gofman’s possession as they
28 were both parties to the case and appeared at the hearing. They chose not to
 present it to this Court.

29 ⁷ No other creditor opposed the motion to dismiss, although Mr. Caseres appeared
30 and argued against dismissal.

1 relationship between the two nations. There is also little chance Mr. Sabadash
2 would be able to locate the creditors to collect.

3 Mr. McCarthy and Mr. Caseres should be jointly and severally liable with Mr.
4 Itkin for their role in the bad faith conduct as described above. *See In re Cadena*,
5 634 B.R. at 1056–57 (ordering counsel jointly and severally liable with petitioner for
6 fees, damages, and sanctions.); *In re Fox Island Square P'ship*, 106 B.R. at 971
7 (same).

8 Without repeating the above, a reasonable lawyer would have, on proper
9 inquiry, advised her client that the debt is subject to dispute and there are no
10 grounds for an involuntary petition. Not to mention, as discussed, the creditors'
11 claims were highly questionable. Finally, counsel admitted in court that the purpose
12 behind this petition was forum-shopping.

13 It is also highly likely that Mr. Caseres was acting on Mr. Itkin's behalf in
14 this case. Mr. Caseres should explain how ten creditors, six of whom live in Russia,
15 and are connected only through Mr. Itkin, retained his services. Mr. Sabadash
16 believes that Mr. Itkin, and not the creditors, provided all information to Mr.
17 Caseres.

18 In short, Mr. McCarthy and Mr. Caseres shirked their duties and should be
19 held jointly and severally liable with Mr. Itkin.

20 **III. THE COURT SHOULD AWARD ATTORNEYS' FEES AND PUNITIVE**
21 **DAMAGES**

22 **A. Fees for obtaining dismissal of the involuntary petition.**

23 Mr. Sabadash incurred \$51,645 in fees for legal work to obtain a dismissal of the
24 petition. (Zorkin Decl., ¶ 31-37.) This included research and analysis, factual
25 investigation, drafting the motion to dismiss, reply, and declarations, addressing
26 proofs of claim, hearing attendance, and client communications. This is calculated
27 as \$550 hourly for 93.9 hours of work. (*Id.*) The rates and hours are reasonable for
28 this task and the Los Angeles market. *See Zurich Am. Ins. Co. of Illinois*, 2020 WL

1 8610839, at *6 (finding \$550 per hour reasonable for the Los Angeles legal market);
2 *Perfect 10, Inc. v. Giganews, Inc.*, No. CV 11-07098-AB SHX, 2015 WL 1746484, at
3 *15 (C.D. Cal. Mar. 24, 2015), *aff'd*, 847 F.3d 657 (9th Cir. 2017) (approving up to
4 \$690 per hour for associates and \$930 per hour for partners in 2014.)

5 **B. Fees for work incurred on this motion.**

6 Mr. Sabadash incurred \$26,840 in fees for work to pursue this motion for fees
7 and sanctions. (Zorkin Decl., ¶ 31-37.) This included research and analysis, factual
8 investigation, drafting the motion to dismiss, reviewing Itkin's opposition, drafting
9 reply, and declarations, addressing proofs of claim, hearing attendance, and exhibit
10 review. This is calculated as \$550 hourly for 48.8 hours of work.

11 Mr. Sabadash will also incur fees for analyzing the opposition, drafting the
12 reply, and attending the hearing. He will submit a declaration for those future fees
13 at the appropriate time. Mr. Sabadash will also request fees and damages for
14 opposing Mr. Itkin's motion for reconsideration which was filed July 1, 2025.

15 Fees for pursuing fees are recoverable because section 303(i) is a fee shifting
16 provision that encompasses all phases of proceedings. *In re S. California Sunbelt*
17 *Devs., Inc.*, 608 F.3d 456, 463–64 (9th Cir. 2010).

18 **C. Punitive damages**

19 Because of the egregious conduct by Mr. Itkin and his counsel, an award of
20 punitive damages is appropriate.

21 “Under § 303(i)(2), a court may award actual *or* punitive damages, without
22 limitation; the sole precondition is a showing of bad faith.” *In re S. California*
23 *Sunbelt Devs., Inc.*, 608 F.3d at 465 (emphasis original). The Ninth Circuit has held
24 that punitive damages may be awarded even in absence of actual damages. *Id.*
25 That said, the “cost of defense” incurred is a “tangible harm” and the Court may base
26 its punitive damages award on the cost of defense. *Id.* Mr. Sabadash asks the court
27 to treble the fees award to calculate punitive damages.

28

1 **CONCLUSION**
2
3

4
5 This involuntary petition was an egregious attempt at manipulating the court
6 for an improper purpose. Fees, damages, and sanctions are warranted.
7
8

9
10 Dated: July 1, 2025
11
12

13 THE ZORKIN FIRM
14
15

16 By: /s/ Michael Zorkin
17 Michael Zorkin
18 Attorneys for Putative Partner
19 Alexander Sabadash
20
21
22
23
24
25
26
27
28